

ENCLOSURE A

**ESTIMATE OF CAPABILITIES OF SUBVERSIVE ELEMENTS TO REDUCE US
PETROLEUM SUPPLY FROM SELECTED COUNTRIES IN CASE OF
WAR WITH THE USSR**

1. Caribbean Countries.

The greatest threat to petroleum production and distribution in the Caribbean basin will result from the infiltration of enemy agents having a sabotage mission. The governments of all the petroleum-producing and processing countries are friendly to the US, and can be expected to cooperate to the full extent of their very limited capacities in containing the threat of infiltration. Effective containment, however, is impossible without direct US assistance. In several of the countries covered in this report, there are also local groups which can be expected to aid and abet enemy sabotage agents and assist them indirectly by strikes and slowdowns, thereby complicating the security problem for the governments of the particular countries and of the US.

A. Venezuela.

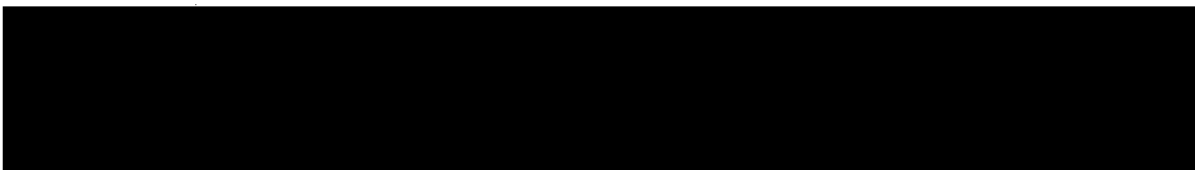
The problem of security of petroleum production and distribution in Venezuela against possible Soviet action is becoming less complex and dangerous as time goes on. The trend of domestic developments in that country is such that the USSR could count less and less upon local assistance in any sabotage program. However, in spite of its willingness to cooperate with the US, the Venezuelan government, unassisted by the US, lacks the ability effectively to obstruct operations of determined foreign sabotage agents that might be landed in Venezuela.

B. Curacao and Aruba.

At the present time, the possibility of infiltration of Soviet saboteurs from Venezuela or other Caribbean areas constitutes the most important threat to the security of the oil refineries on Aruba and Curacao. In the event of a decision by either the US or the USSR to begin hostile operations, immediate and intensive efforts to sabotage these refineries by the USSR may be expected. No difficulty is anticipated from purely local elements.

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1. Colombia.

The security of petroleum production and distribution in Colombia is, temporarily at least, seriously jeopardized by the internal political conditions of that country. It is quite possible that the realignment of parties which seems to be in the making could increase the political importance of the heretofore ineffective Communist elements.

2. Panama.

Since Panama's importance to petroleum supply is in transportation rather than in production or refining, enemy sabotage activities designed to impair the flow of petroleum products to the United States would be aimed, directly or indirectly, against the Panama Canal itself, the purpose being to restrict the number of tankers passing through the Canal. Such sabotage would be carried on either by labor groups that are Communist controlled, or by special agents of the USSR. It is anticipated that the former will not have serious effects, but that the latter might result in some restriction of the number of tankers passing through the Canal.

3. Trinidad.

Since Trinidad is a relatively small-scale producer of both crude oil and refined petroleum products, it is estimated that its wells and refineries would not be a primary USSR sabotage objective in the event of hostilities. Measures for protecting the wells and refineries from sabotage by dissident labor elements inspired by the USSR are inadequate, and some impairment of mining and refining capabilities from these quarters may be expected.

2. Netherlands East Indies.

The capacity of enemy agents to interfere with the availability of petroleum products to the US forces in the event of an emergency is inextricably related to the principal political issue in the Netherlands Indies--the dispute between the Republic of Indonesia and the Netherlands. The presence of the Netherlands on the side of the Western Democracies in such an emergency would tend to place the Indonesian Republic, if not on the side of the enemy, at least in a position of a very belligerent neutrality. This fact would mean that the sabotage potential of Republican forces in and around important oil installations in the Netherlands Indies would become an actuality as the need for Republican good behavior vanished.

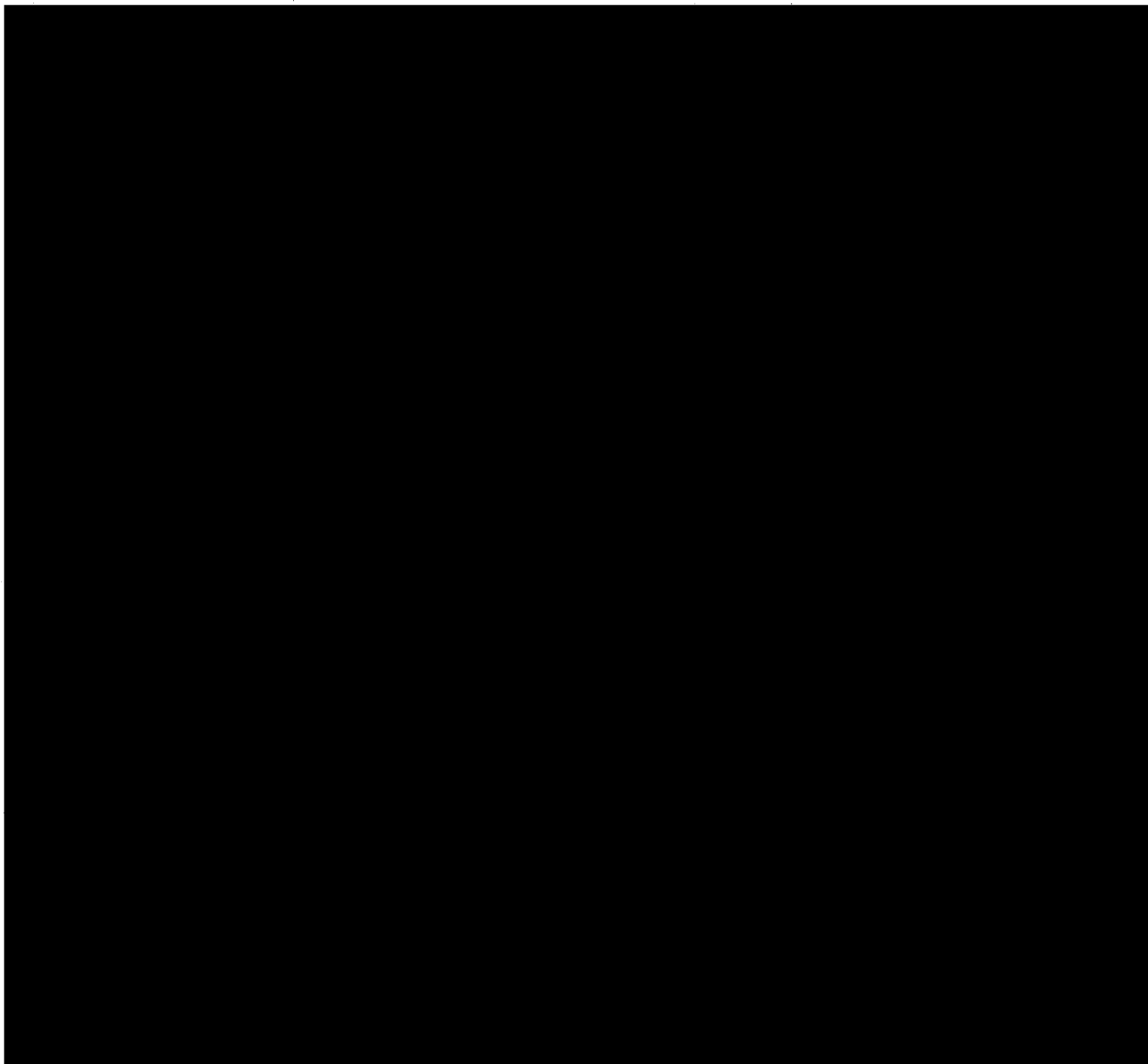
This condition would prevail primarily in the important oil installations at Djambi and Palembang in Sumatra, and in East Java, territories in which Republican sympathizers are numerous and in which bands uncontrolled even by

the Republic are known to exist. The above-mentioned fields are capable of producing upwards of seventy per cent of the oil products in the Indies and their loss would be a serious blow to Far Eastern operations.

The oil fields in East Borneo, which produced about twenty-two per cent of the Netherlands Indies total, are less vulnerable to sabotage because of the relative absence of Republican sympathizers in the general area and because of the strength and duration of Dutch control. Oil from these fields can be expected to be available for a substantial period after the initiation of hostilities.

In general the capacity of the Netherlands forces to defend NEI oil installations and to insure their availability to US forces is limited by necessary commitments of a more active sort in either the defense of the Netherlands or in military operations elsewhere in the Pacific. The primary defense would then lie more in the field of diplomacy and political pressure than in actual physical protection.

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